

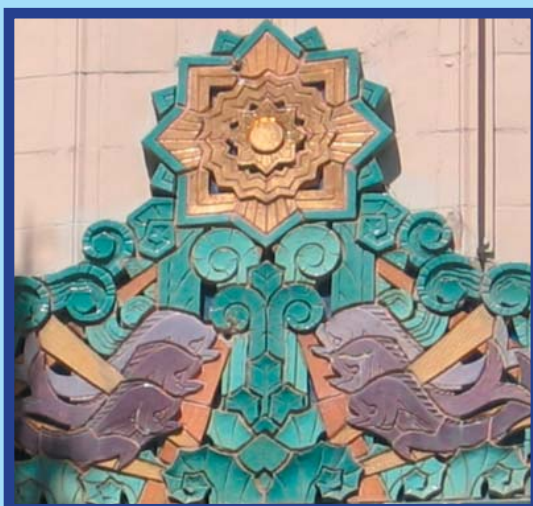


# **JBS City of Long Beach** **Jobs and Business Strategy**

"Our Vision for the Future"

# **Long Beach Economic & Market Analysis**

## **Volume Two**



MARIE JONES CONSULTING  
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## 1 Key Findings

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This report is a starting point for the formulation of a meaningful Jobs and Business Strategy for the City of Long Beach. It paints a picture of the city's economic strengths, weaknesses and trends today and into the future. The Long Beach community (residents, workers, businesses, and City Hall), will decide together how this information should inform and guide the city's future economic development activities and investments.

### Key Demographic Findings

#### ➤ Long Beach is part of a regional economy

With 66 percent of employed residents working outside of the city and 63 percent of jobs within the city held by non-residents, Long Beach has characteristics of both an economic center and a bedroom community.

Long Beach businesses buy and sell services and inputs to businesses throughout the region. Long Beach's strongest economic sectors export goods and services beyond our city boundaries to residents and businesses throughout Los Angeles, California, and the world.

#### ➤ Long Beach is "a tale of two cities"

Long Beach has a very diverse population, where income, education and ethnicity split geographically along from east to west. The eastern portion of Long Beach is home to residents with higher education attainment, higher average income and lower poverty rates than the western part of town.

#### ➤ Long Beach's middle class is shrinking

In 2003, 48 percent of Long Beach households earned less than \$35,000 per year, while just 40 percent of California households earned less than \$35,000 per year.

Long Beach has twice the poverty rate of California.

#### ➤ Some of our youth are in trouble

Poverty impacts children more than any other group in Long Beach: 32 percent of children live in poverty. Some segments of Long Beach's youth are in trouble: 21 percent of 16-24 year olds are high-school dropouts, and 19 percent of all youth (including those with and without high-school diplomas) are not employed and not in school.

### Key Job Findings

#### ➤ Our key job sectors are changing

Long Beach's economy has shifted from a manufacturing and trade-based economy to one focused on health services, education, tourism, and professional and businesses services.

#### ➤ Our total number of jobs has remained stable, however the quality of our jobs has declined

Employment has remained relatively stable over the past 6 years at around 164,000 jobs, as declines in manufacturing (-10,306 jobs) have been offset by increased employment in tourism (+6,541 jobs), retail trade (+3,940 jobs), health care (+7,270 jobs), and professional and administrative services (+7,649 jobs). This employment shift has likely caused, or at least aggravated, the shrinking middle class and increasing rates of poverty, as new jobs pay less on average than lost jobs.

## **Key Market Trends**

### ➤ **Housing is no longer affordable**

Long Beach's relatively long stint as one of the last affordable beach towns in Los Angeles County has ended. Long Beach average rents (\$1,150/month) and housing costs (\$453,000) now approach those of other Los Angeles beach communities.

### ➤ **The Long Beach commercial market is strengthening**

Long Beach's office market is healthy with ten percent vacancy and average lease rates of \$2.00/square foot. Vacancy rates are on a downward trend and lease rates are increasing. The outlook is good as absorption of Class A and B space continues unabated.

The industrial market is very tight, with a vacancy rate of 2.8 percent and rising lease rates.

The retail market is a mixed bag of well performing neighborhood and promenade shopping (Bixby Knolls, Belmont Shore, etc.), poorly performing commercial corridors (Pacific Coast Highway, Long Beach Blvd, etc.) and mixed performance in Downtown's shopping venues (Pine Avenue, the Pike, City Place, etc.).

The hotel and tourism market has recovered from 9/11 and the recession that followed. With 49 hotels providing 4,928 rooms, occupancy has reached a balanced 75 percent and two new hotels are in the planning stages.

## 2 Introduction

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### 2.1.1 PURPOSE

This report provides an in-depth analysis of demographic, economic and real-estate market conditions and trends in the City of Long Beach. The analysis also explores economic and real estate trends in the Los-Angeles-Long Beach MSA, as the Long Beach economy is intertwined with that of Los Angeles. This report is meant to provide economic and market information and analysis in order to inform the development of the Long Beach Jobs and Business Strategy and the Economic Development Element of the General Plan.<sup>1</sup>

### 2.1.2 PROJECT CONTEXT

As the title suggests, this report – Volume Two: Economic and Market Analysis – is one of four volumes of the Jobs and Business Strategy project. The volumes include:

- **Volume I: Jobs and Business Strategy.** (*forthcoming*) This strategy will outline specific strategies and initiatives that the City of Long Beach can pursue to achieve the community's vision for economic development. The strategies, outlined in detail, will be based on community input, demographic and real estate trends and the consulting team's professional experience.
- **Volume II: Economic and Market Analysis.** This report presents demographic, employment and real estate market data, trends, and maps that support and inform the development and implementation of the economic development strategies in Volume I.
- **Volume III: Economic Development Element.** (*forthcoming*) This element will be a component of the General Plan<sup>1</sup> update, which also includes new land use and mobility elements for the City of Long Beach. Together these three new elements of the General Plan will shape new commercial, residential and industrial development in Long Beach for many years to come.
- **Volume IV: Community Meetings and Focus Groups Summary.** (*forthcoming*) This living document will record the community's input throughout the process, including findings and recommendations from focus groups, neighborhood meetings, city-wide meetings, and the city-wide survey. This document will drive the creation of the Jobs and Business Strategy and record all community input, ideas, feedback, and critiques.

### 2.1.3 METHODOLOGY

The Economic and Market Analysis was formulated with the active engagement of the Jobs and Business Strategy Steering Committee and Long Beach community members through focus groups, key informational interviews, and a series of steps:

- Review of prior studies and plans for Long Beach.
- Eleven facilitated constituency focus groups and over 30 confidential stakeholder interviews with community and business leaders to gain an understanding of the community's vision, economic strengths and weaknesses, and economic development priorities.
- Collection and analysis of economic and demographic data for Long Beach to identify economic activities which are supported by the market and which will further strengthen the city's economy.

For a detailed description of the methodology, please see Appendix A.

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<sup>1</sup> The General Plan will guide all physical and infrastructure development in the City of Long Beach for the next twenty years.



#### **2.1.4 REPORT ORGANIZATION**

This report is divided into six Chapters and two Appendices.

- Chapter I summarizes key findings.
- This Chapter introduces the goals, purpose, methodology, and structure of the report.
- Chapter III: Regional Overview, briefly outlines the regional context, and provides an overview to the physical character of the city.
- Chapter IV: Long Beach Residents and Workers: Who are we?, introduces key demographic and labor force trends and conditions that inform the economic and market analyses.
- Chapter V: Business and Job Analysis, explores in detail the economic sectors of Long Beach's economy, including jobs, median wages, average firm size, trends, challenges, strengths and top employers by economic cluster.
- Chapter VI: Market Support for New Development, assesses real estate market conditions for a range of land uses including: office, industrial, institutional and retail. Chapter VI also summarizes potential economic development opportunity sites.

Appendix A details the methodology by report section. In most cases supporting tables can be found in the relevant chapter; however additional tables and analyses are attached as Appendix B.

### 3 Regional Overview

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This section provides a general description of some of the primary physical, demographic, and economic characteristics of Long Beach. This overview is intended to provide the backdrop for detailed demographic, economic and market analyses presented in the following chapters.

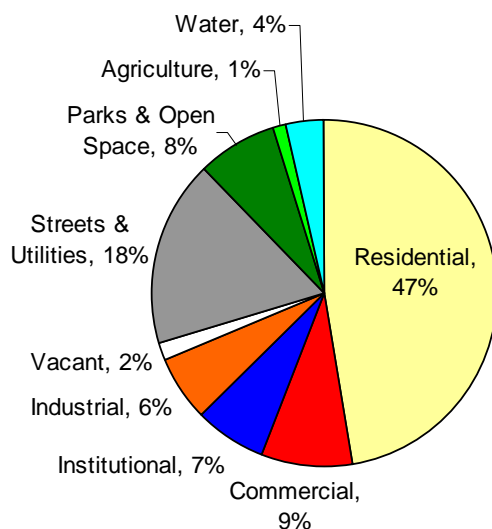
#### 3.1.1 OVERVIEW

Long Beach has approximately 475,000 residents, and serves both as a bedroom community to the regional Los Angeles economy and an employment center in its own right with 162,000 jobs in 2003. Long Beach retains something of a “blue collar” image, due largely to its history as an aerospace manufacturing, navy, and trade center. However, Long Beach is increasingly becoming more dependent on business services and the visitor-serving economy for job growth, while the manufacturing and trade sectors have declined in the past ten years.

With one of the most ethnically diverse populations in California, and residents from all walks of life and socio-economic classes, Long Beach retains a cohesive identity and a strong pride of place. The city’s active and informed community is politically involved in both neighborhood-specific and community-wide issues.

From a physical standpoint, Long Beach is located along a stretch of the Southern California coastline in the heart of Los Angeles County. The city’s marinas, beaches, parks and a revitalized downtown are key amenities to the overall quality of life. The city extends over 53 square miles (33,908 acres) and includes more than 50 distinctive neighborhoods and commercial areas. Long Beach has 172,000 housing units which occupy 47 percent of the city’s land. Other land uses include commercial (9 percent), institutional (7 percent), industrial (6 percent), streets and utilities (18 percent), open space (8 percent), water (4 percent), and agriculture 1 percent (Figure 1). Long Beach is largely built out with only 473 acres (2 percent of total) of vacant land.

**Figure 1: Long Beach Land Use**



Long Beach is bound by the Pacific Ocean on the South, the Terminal Island Freeway on the west, the Artesia freeway to the north and the 91 freeway to the East. The City is bisected by the 405 and Pacific Coast Highway (Route 1) and is served by the Long Beach Airport and the Port of Long Beach.

Source: Long Beach Advance Planning Bureau, 2004

### 3.1.2 LONG BEACH IS PART OF A REGIONAL ECONOMY

Long Beach is part of a regional economy in which people freely live and work throughout the Los Angeles area. Most Long Beach residents do not work in Long Beach. As indicated in Table 1, only 34 percent of employed city residents work within Long Beach. By contrast, 49 percent of employed Long Beach residents work in other portions of Los Angeles County, and 17 percent work in some other California County.

**Table 1: Place of Work for Long Beach Residents, 1999**

Place of Work	Residents	Percent
Inside Long Beach	61,685	33.4%
In L.A. County	91,064	49.4%
Other California County	30,989	16.8%
Outside California	741	0.4%
Total	184,479	100%

Source: US Census, 2000; MJC, 2004

Most people who work in Long Beach do not live in the City. In 1999, businesses within the city employed 165,649 people, however just 61,685, or 37 percent of these jobs, were held by Long Beach residents. The remaining 63 percent, or 103,864 jobs, were held by non-residents (from outside the city).

**Table 2: Long Beach Jobs Held by Residents and Non-Residents, 1999**

	Jobs	Percent
Jobs held by Long Beach Residents	61,685	37%
Jobs held by Non-Residents	103,864	63%
Total Long Beach Jobs	165,549	100%

Source: US Census, 2000; MJC, 2004

#### How does this compare with other cities?

Long Beach is something of a hybrid city: acting both as a regional employment center and a bedroom community for the regional economy.

Large economic center cities such as Los Angeles, San Diego and San Jose have a high percentage of residents working within the city. In contrast smaller bedroom cities (such as Pomona and Lakewood) are part of larger metro areas and tend to have a very low percentage of residents working inside their city.

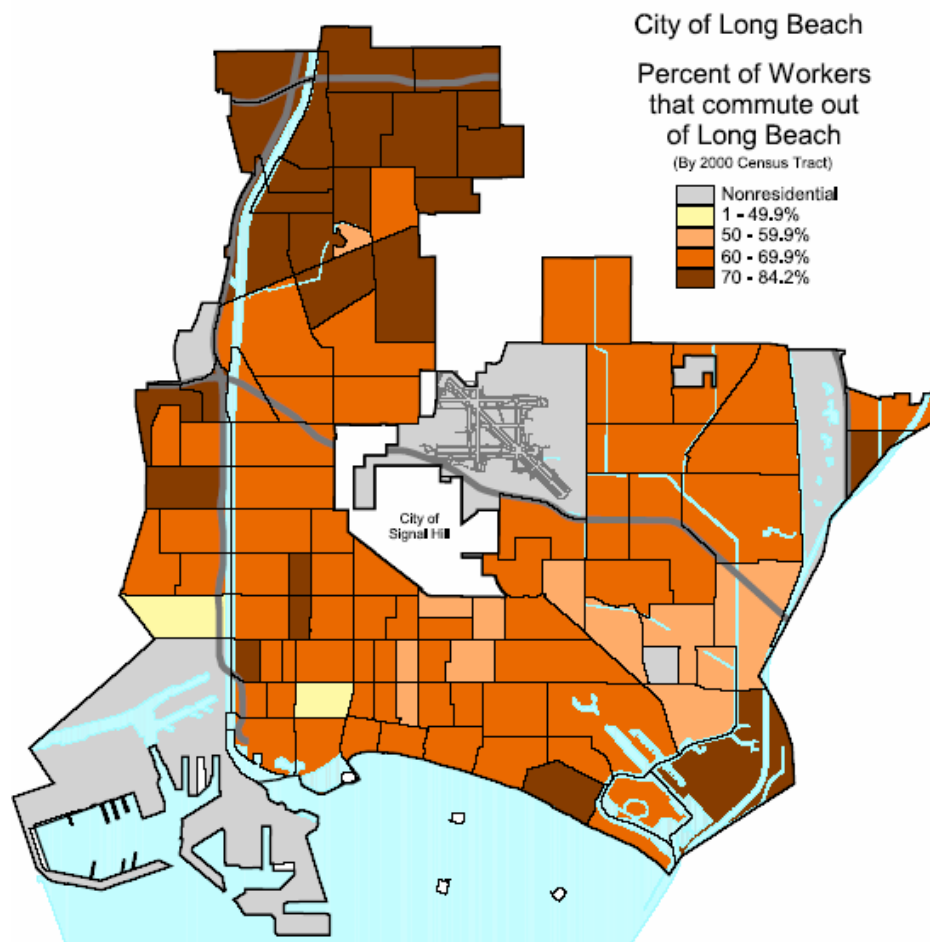
**Table 3: Commuting Data for Comparable Cities**

City	Percent of Residents Working in City	Total Working Residents
<b>Economic Centers</b>		
Los Angeles	63%	1,494,895
San Diego	78%	580,318
San Jose	50%	427,984
<b>Hybrid Cities</b>		
Long Beach	33%	184,479
Torrance	37%	66,569
Irvine	39%	72,870
<b>Bedroom Cities</b>		
Pomona	21%	52,066
Lakewood	10%	36,392

Source: Census 2000; MJC 2004

As shown in Figure 2, working residents in North Long Beach are the most likely to work outside of Long Beach, probably because they are closest to the 710 and 91 freeways. Between 70 and 84 percent of North Long Beach residents leave the City for work. Working residents in Southeast Long Beach are the least likely to commute outside of the city for employment.

Figure 2: Percent of Working Residents that Commute out of Long Beach, 1999



Source: Census, 2000

#### 3.1.2.1 Implications for Economic Development Strategy

- Most new businesses that move to Long Beach will hire a mix of residents and non-residents.
- New businesses with jobs that match the skills and education level of Long Beach residents will hire more Long Beach residents.
- Many Long Beach residents will continue to work outside of the City, and will need training and education to obtain quality jobs.